

Out of the blue: shock as solar rebate cut

Sophie Morris

The federal government yesterday shocked the solar power industry by abruptly stopping an \$8000 rebate for roof-top panels amid concerns about a blow-out in the scheme that has already cost the government more than \$700 million.

The means-tested rebate was due to expire in three weeks and solar panel providers had been advertising heavily in recent weeks, warning households earning less than \$100,000 to take advantage of it ahead of June 30.

But Environment Minister Peter Garrett made the surprise announcement yesterday morning that the rebate would expire at close of business, triggering frantic

activity in solar shops as customers sought to beat the new deadline.

The rebate through the Solar Homes and Communities Plan will be replaced by new solar credits, available under legislation that the government will introduce to parliament next week, establishing its renewable energy target. These credits are less generous than the rebate but will not be means-tested.

Mr Garrett said the rebate was being stopped early to ensure all existing eligible applications would be funded and because there was already a large backlog of solar installations under the scheme.

He said the government had already spent more than four times what it originally planned on the scheme and the price of roof-top

units had dropped, such that the rebate had allowed some people to get free panels.

"There are currently more than 63,000 solar installations still in the pipeline, including rebates either pre-approved or applications received," he said. "We've expended some \$700 million and we now have a situation where there's a year's worth of solar panel installations out there, waiting to be undertaken."

The value of the new solar credit will depend where a residence is located and will vary over time. On current prices, a Sydney home could get \$7750 for an average-sized system, but a one-kilowatt system in a less sunny city such as Melbourne might receive only \$4500 — roughly half the value attached to the solar rebate.

The government surprised the industry last year when it imposed a means-test on the rebate in the federal budget. Ironically, the publicity surrounding this decision triggered new interest in the scheme.

Coalition environment spokesman Greg Hunt accused the government of causing chaos for the solar industry and confusion for families trying to embrace renewable energy. "The government can't manage current expenditure, so they're using this to cut spending," he said.

Australian Greens Senator Christine Milne said it was reckless of the government to gamble the solar industry's future on legislation that was yet to pass parliament. She argued that the solar credits model was flawed, because it would give rise

to "phantom credits", undermining the credibility of the government's renewable energy target.

Solar Shop Australia's managing director, Adrian Ferraretto, said the government should have warned in the budget last month that it would end the rebate early.

"This is a continuation of boom-and-bust policy for the Australian solar industry," he said.

The government is also this week continuing efforts to secure Senate support for its emissions trading legislation, offering meetings with Family First senator Steve Fielding, who has voiced doubts that human activity is to blame for climate change.